

Vantris Energy (VANTNRG MK)

3QFY26: More Time Required For PN17 Upliftment

Highlights

- 9MFY26 core results deemed on track, despite E&C setbacks.** Although the E&C projects in Angola and the Middle East contributed to LBITDA, the other business segments saw sequential profit improvements. The results also show a leaner balance sheet after the restructuring, with finance costs savings as per management's guidance. We still retain our forecasts, which are pre-RED, given that 4QFY26 may likely be the earlier quarter with clean core profits, to be considered for PN17 upliftment.
- As long as the Brazil JV project continues to deliver results, our view for the stock remains unchanged. Maintain BUY and target price of RM0.75.

3QFY26 Group Results

Year to 31 Jan (RMm)	3QFY26	qoq % chg	yoy % chg	9MFY26	yoy % chg	Comments
						Note: Seagems accounts is Year to 31 Dec
Revenue	982.8	(7.6)	(14.8)	2,848.0	(19.5)	LBITDA 3Q/9MFY26: RM150m/ RM377m
- E&C*	486.9	(18.1)	(30.5)	1,584.0	(30.2)	LBITDA 3Q/9MFY26: RM202m/ RM370m
- O&M*	211.9	(5.6)	9.9	550.9	8.9	EBITDA 3Q/9MFY26: RM41m/ RM88m
- Drilling	304.8	2.0	8.6	814.2	(6.1)	EBITDA 3Q/9MFY26: RM118m/ RM306m
PBT	207.7	(277.7)	(179.5)	(380.4)	51.6	
- E&C*	(125.5)	(164.0)	(164.9)	(184.6)	(135.6)	
- O&M*	38.9	107.6	(0.9)	78.1	(23.0)	
- Drilling	6.5	3.9	(116.5)	(68.3)	(48.4)	Revenue days boosted qoq from 727 to 828 days
Finance cost	(43.8)	(76.5)	(81.4)	(55.0)	(274.8)	Post-RED, finance cost to be RM70-80m/ quarter
Associates	129.5	6.6	91.3	342.2	(7.9)	Average rate improved to US\$272,000/day in 3Q
Pre-tax profit	4,307.5	na	na	3,723.9	na	
Income tax	(39.6)	(64.7)	59.2	(165.0)	79.1	3QFY26 Exceptional Items (EI): Debt forgiveness
Reported profit	4,272.8	na	na	3,564.1	na	of RM4,47b, RM13m inventories write-down,
Core profit	(137.2)	na	(57.7)	(223.4)	na	RM42m forex loss (YTD FY26: RM312m loss)

*Note: Engineering and Construction (E&C); Operation and Maintenance (O&M);
Source: Vantris Energy

Analysis

- Drilling and O&M picked up.** Unlike the previous quarter, there were more on-hire days for the rigs, and it seems to imply utilisation of nine out of 11 rigs in the fleet (Sapura Pelaut dan Sapura T9 were not working). Rig EBITDA saw gains, though this effect was slightly offset by discounts in rig utilisation as some of the rigs had remobilisation of contracts.

Key Financials

Year to 31 Jan (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	4,318	4,703	4,293	4,441	4,587
EBITDA	468	524	655.3	713.3	770.6
Operating profit	246	224	223.9	287.4	323.8
Net profit (rep./act.)	(509)	190	116.4	175.8	180.6
Net profit (adj.)	(980)	(114)	116.4	175.8	180.6
EPS	(0.4)	(5.1)	0.6	0.9	0.9
PE	n.m.	n.m.	6.7	4.4	4.3
P/B	(0.2)	(0.2)	n.m.	n.m.	n.m.
EV/EBITDA	14.7	15.4	21.1	14.5	9.8
Dividend yield	0.0	0.0	0.0	0.0	0.0
Net margin	(69.4)	(11.9)	2.7	4.0	3.9
Net debt/(cash) to equity	(339.2)	(229.4)	(464.8)	(1,423.6)	(2,473.8)
Interest cover	1.1	0.8	1.0	1.0	1.2
ROE	n.a.	n.a.	2.1	2.8	2.8
Consensus net profit	-	-	-	-	n.m.
UOBKH/Consensus (x)	-	-	n.m.	n.m.	n.m.

* Our forecasts are still based on pre-RED indicators, pending the release of the 3QFY26 financials
Source: Vantris Energy, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM0.57
Target Price	RM0.75
Upside	+40.0%

Analyst(s)

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Stock Data

GICS Sector	Energy
Bloomberg ticker	VANTNRG MK
Shares issued (m)	3,211
Market cap (RMm)	1,289.0
Market cap (US\$m)	299
3-mth avg daily t'over (US\$m)	0.4

Price Performance (%)

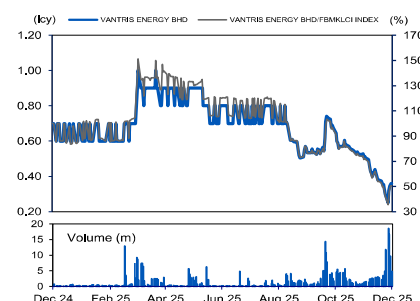
52-week high/low **RM1.00/ RM0.50**

1mth	3mth	6mth	1yr	YTD
(5.0)	(37.0)	(37.0)	5.8	(29.5)

Major Shareholders

	%
AmanahRaya Trustees Bhd	38.69
Sapura Technology Sdn Bhd	9.18

Price Chart



Source: Bloomberg

Company Description

Sapura Energy is now known as Vantris Energy (Vantris) following a proposed restructuring plan approval and a formal name change on 1 Aug 25. The new name was suggested by employees and symbolizes a forward-thinking approach ("Van" for "vanguard") and commitment to core values.

The group is an integrated engineering, procurement, construction, installation and commissioning (EPCIC) oil & gas player, and owns half of Seagems, a Brazilian JV operating six Pipelay Support Vessels (PLSV).

- **E&C: Still facing volatility.** The EBITDA improvements in those two segments were offset by setbacks in the engineering and construction (E&C) projects in Angola (a lump sum contract for NGC) and a chartering vessel contract in the Middle East. We understand that management had applied the most conservative project provision, and guided that the job scope for NGC (Angola) is aimed to be completed by this year. This also reminds us of the volatile nature of E&C projects. This is despite the marked improvement in Vantris' orderbook of RM6.3b.
- **E&C: Seagems – All 6 PLSVs fully transitioned to higher average rates.** The average rates in 3QFY26 were US\$272,000 per day from US\$255,000 qoq for the six Pipelay Support Vessels (PLSV). In the previous quarter, three PLSVs were undergoing acceptance tests. This time, there was only one acceptance test for Sapura Onyx, resulting in fewer off-hire days qoq. Next quarter onwards, we believe the average rates can reach Paratus' guidance of US\$285,000. Due to the superior performance of the PLSVs, the JV unit (Seagems) has been distributing substantial dividends of late.

Valuation/Recommendation

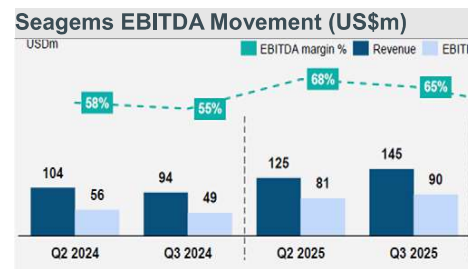
- **Maintain BUY and target price of RM0.75.** At an undemanding 4x FY26F after the Restructuring Effective Date (RED) PE (ie our current earnings forecasts adjusted for interest cost savings), we acknowledge that the share price may continue to trade range-bound in between the conversion prices of the debt securities. Hence, we apply a 40% discount on dilution impact. We still assume a 60% discount on the rigs, but retain 5x EV/EBITDA on PLSVs, as we continue to see Brazil as the crown jewel with the ability to generate excess cash flow surplus to redeem the RM2.6b Sinar Brazil sustainable debt early, and propel the group towards PN-17 upliftment after mid-26.

Earnings Revision/Risk

- **Our forecasts are unchanged pending the finalisation of the FY26 accounts.** Our pre-RED forecast does not factor in: a) 60% interest cost savings as finance cost/quarter was guided to fall from RM0.2b to RM70m-80m, as a result of total borrowings adjusted from RM10.7b to RM5.6b; b) current share and diluted shares; and c) outperformance from its other core business segments.
- **Petrobras' capex cut is a low risk to PLSV contracts.** Petrobras plans to cut about 2% of its five-year capex plans, after it assumes a "lower-for-longer" oil price at US\$63/bbl. There were investor concerns that Petrobras may renegotiate existing long-term contracts, but we think such renegotiation risk is low. This is because: a) Paratus explained that contracts with Petrobras are not open for renegotiation. Any changes to the terms will need to be by mutual consent; and b) we observed in the past (during the period of oil price downcycle) that Petrobras approached the subsea vendors for renegotiation. At that time, Vantris' offered merely a 3% discount.

Share Price Catalysts

- **Our forecasts are unchanged pending the finalisation of the FY26 accounts.**
- **4QFY26 results.** Management clarified that, despite 3QFY26 being the first quarter with reported profit since the RED, 3QFY26 will not be in consideration as: a) it is not a full quarter, and b) only core profits will be measured. Hence, the earliest quarter that can be considered for the criteria of PN17 upliftment is 4QFY26.

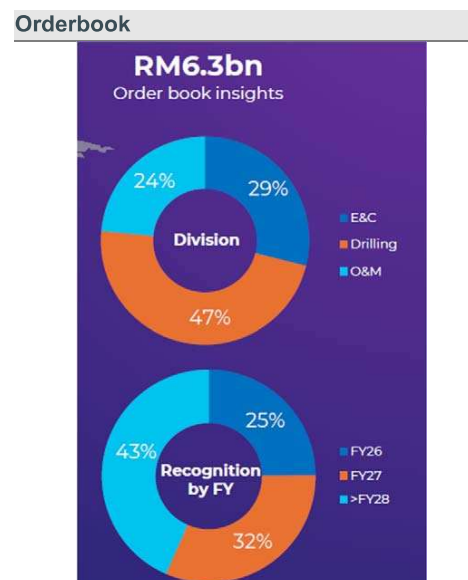


Source: Paratus Energy

PLSV schedule

	2025	2026	2027
Diamante		\$289k	
Topazio		\$289k	
Esmeralda		\$266k	
Onix			\$289k
Jade		\$287k	
Rubi			\$287k

Source: Paratus Energy



Source: Vantris Energy



Source: Vantris Energy

Profit & Loss

Year to 31 Jan (RMm)	2025	2026F	2027F	2028F
Net turnover	4,258	4,293	4,441	4,587
EBITDA	656	655.3	713.3	770.6
Deprec. & amort.	411	431.4	425.9	446.8
EBIT	246	223.9	287.4	323.8
Total other non-operating income	n.a.	0	0	0
Associate contributions	337	617.8	673.8	660.4
Net interest income/(expense)	(787)	(653.5)	(681.5)	(669.3)
Pre-tax profit	(413)	188.2	279.7	314.8
Tax	(106)	(89.6)	(114.0)	(152.1)
Minorities	10	17.8	10.0	17.8
Net profit	(509)	116.4	175.8	180.6

Balance Sheet

Year to 31 Jan (RMm)	2025	2026F	2027F	2028F
Fixed assets	5,348	5,277.4	5,545.9	5,475.2
Other LT assets	5,092	4,138.2	4,138.2	4,138.2
Cash/ST investment	1,454	2,289.9	2,329.7	558.4
Other current assets	2,127	1,497	1,878	1,509
Total assets	14,020	13,561.5	16,406.9	12,283.5
ST debt	10,982	10,363.9	9,270.5	8,152.0
Other current liabilities	7,128	3,696.7	6,872.8	3,872.0
LT debt	0	0	0	0
Other LT liabilities	102	671.4	0.0	0.0
Shareholders' equity	(4,153)	(1,737.0)	(487.6)	(307.0)
Minority interest	(38)	(27)	(38)	(27)
Total liabilities & equity	14,020	13,561.5	16,406.9	12,283.5

Cash Flow

Year to 31 Jan (RMm)	2025	2026F	2027F	2028F
Operating	311	233.8	1,146.3	(1,437.5)
Pre-tax profit	(413)	188.2	279.7	314.8
Tax	(125)	(89.6)	(114.0)	(152.1)
Deprec. & amort.	411	431.4	425.9	446.8
Associates	190			
Working capital changes	248	(331.8)	547.0	(2,055.9)
Other operating cashflows	302	1,824.5	823.2	824.5
Investing	(198)	(197.9)	(197.9)	(197.9)
Capex (growth)	0	0	0	0
Investments	471	0	0	0
Others	29	2,022.3	1,021.1	1,022.3
Financing	(120)	(618.6)	(1,093.4)	(1,118.6)
Dividend payments	0	0	0	0
Issue of shares	0	(500)	(1,000)	(1,000)
Proceeds from borrowings	(120)	(119)	(93)	(119)
Loan repayment	0	0	0	0
Others/interest paid	493	1,174	700	845
Net cash inflow (outflow)	850	850	1,454	2,025
Beginning cash & cash equivalent	110	0	0	0
Changes due to forex impact	1,454	2,025	2,154	2,870
Ending cash & cash equivalent	311	233.8	1,146.3	1,437

Key Metrics

Year to 31 Jan (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	15.4	15.3	16.1	16.8
Pre-tax margin	(9.7)	5.2	6.5	7.1
Net margin	(11.9)	39.2	39.2	39.2
ROA	n.a.	4.4	6.3	6.9
ROE	n.a.	n.a.	n.a.	(9.2)
Growth				
Turnover	(6.5)	(43.9)	(42.0)	(40.0)
EBITDA	(5.1)	(71.1)	(68.5)	(66.0)
Pre-tax profit	n.a.	(40.9)	(12.2)	(1.2)
Net profit	n.a.	(17.8)	24.1	27.5
Net profit (adj.)	n.a.	(43.9)	(42.0)	(40.0)
EPS	n.a.	n.a.	n.a.	n.a.
Leverage				
Debt to total capital	161.7	109.0	188.3	108.3
Debt to equity	(264.4)	(1,254.6)	(215.2)	(1,358.9)
Net debt/(cash) to equity	(229.4)	(1,009.5)	(165.2)	(880.5)
Interest cover (x)	0.8	0.7	1.0	1.5

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